GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:998
ANSWERED ON:23.11.2001
PROFITS OF FOREIGN BANKS
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Will the Minister of FINANCE be pleased to state:

(a) whether the foreign banks functioning in India are getting huge profits, while some of the nationalised banks of India are on the verge of bankruptcy;

(b) if so, the reasons therefor;

(c) the foreign banks functioning in India, their annual turnover and profits; and

(d) the steps taken to improve the working of Indian banks so that they can compete with foreign banks ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a)&(b): Reserve Bank of India (RBI) has reported that out of the 42 foreign banks operating branches in India, as on 31st March, 2001, 11 banks have incurred net loss. Further, all the 27 public sector banks, had made operating profits and, out of these, only two banks incurred net losses as on 31st March, 2001. Out of the 27 public sector banks, only 2 banks did not achieve the prescribed minimum capital adequacy ratio as on 31st March, 2001. Therefore, it would be observed that the public sector banks are not on the verge of bankruptcy.

(c): As on 31st March, 2001, 42 foreign banks were operating branches in India and their deposit/advance and profit/loss for the year 2000-2001 were as under:-

Deposits	Rs.35763.42 crores.
Advances	Rs.42996.52 crores.
Profits/losses	Rs.1096.54 crores.

(d): The public sector banks are taking several steps to improve their working and increase their profitability which include rationalising their branch network, abolition of zonal offices, reduction of NPAs, lowering their cost of deposits, increasing productivity etc.